



Budget Basics

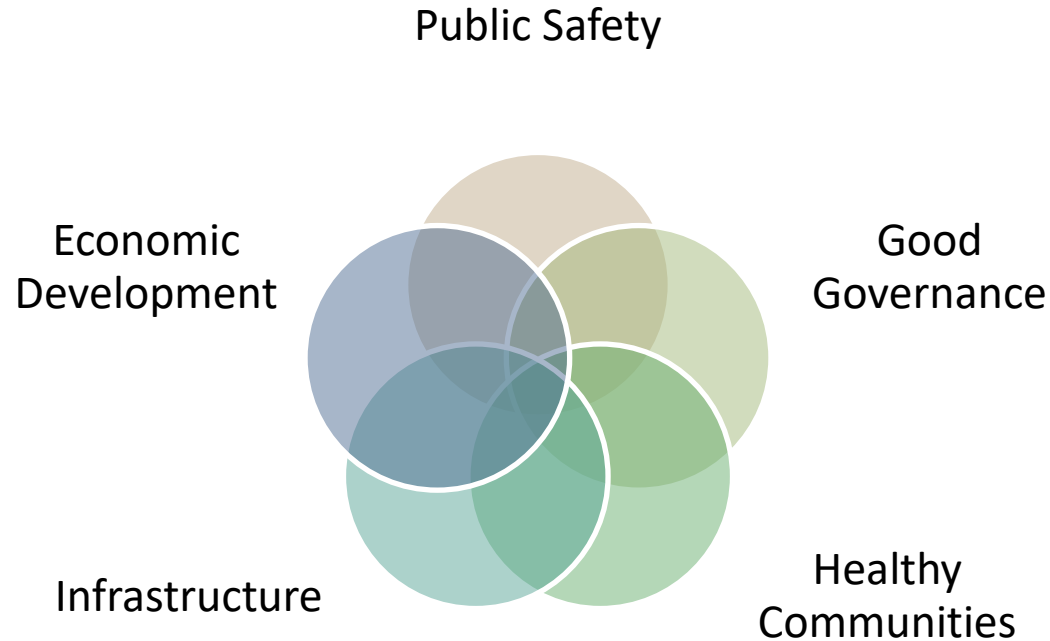
January 12, 2021

What is a Budget? It isn't just numbers!

- Communication Tool
 - Priorities
 - Policy
 - Service delivery costs
 - Strategic Plan



Priorities: Strategic Plan Goals



Budget Calendar

(For July 1st through June 30th Fiscal Year)

December

- Salary & Benefits projections distributed to departments
- Budget direction for next Fiscal Year Budget set
- Budget kick-off

January

- Preparation of Mid-year report
- Board of Supervisors Budget Workshop
- Governor's State Budget released

Budget Calendar

February

- Department briefings at Board meetings
- Department budget requests submitted to the CAO's office
- Mid-year report is presented to the Board

March

- CAO Staff meetings with departments
- Functional Group Meetings with Ad Hoc Committee

Budget Calendar

April

- Budget Special Board Meeting

May

- Governor's May Budget Revision released
- Recommended Budget Book completed & published to website

Budget Calendar

June

- Budget Hearing (passed by 3/5 vote of the Board)
- Recommended Budget approved

August - September

- Books close for prior Fiscal Year
- Changes to Recommended Budget based on year end close and any additional State actions
- Budget Adoption

What about the numbers?

- The budget is a forecast of all planned revenue and expenses
- Provides a model for how the County might perform financially given certain assumptions about the future
- Enables the actual financial performance of the County to be measured against the forecast

Is the Budget balanced?

- A budget must balance (Government Code 29009)
Projected Revenue = Projected Appropriations



- Closed System Budget
 - Increasing appropriations in one area requires decreasing appropriations to another or increasing overall revenue.

Board Adopted Budget Policies

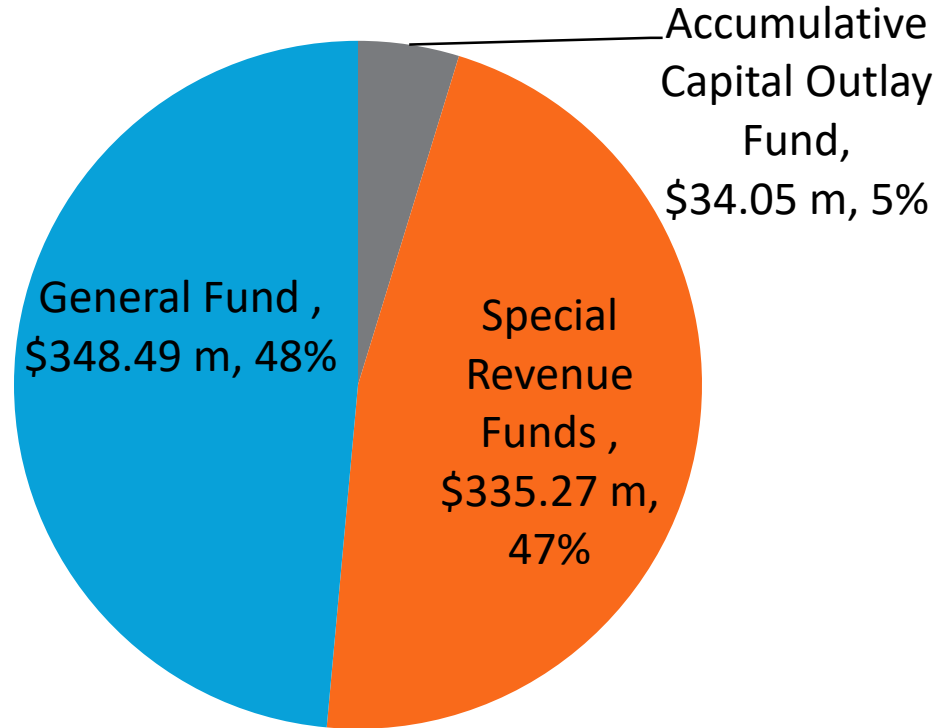
Provide a framework for budgetary decision-making regarding the use of County funds, to ensure prudent County fiscal management and to direct the CAO in the development and management of the County Budget (Policy B-16)

1. Pursue operational efficiencies
2. Maximize the Board's discretion
3. Pursuit of new revenues
4. Grant funding
5. New or enhanced discretionary programs
6. County share
7. Vacant and new positions

Board Adopted Budget Policies

8. General Fund Contingency
9. Budget controlled at Expenditure Class / Object level
10. General Reserves
11. Designation for Capital Projects
12. Other Post-Employment Benefits (OPEB)
13. Transient Occupancy Tax
14. Fixed (Capital) Assets

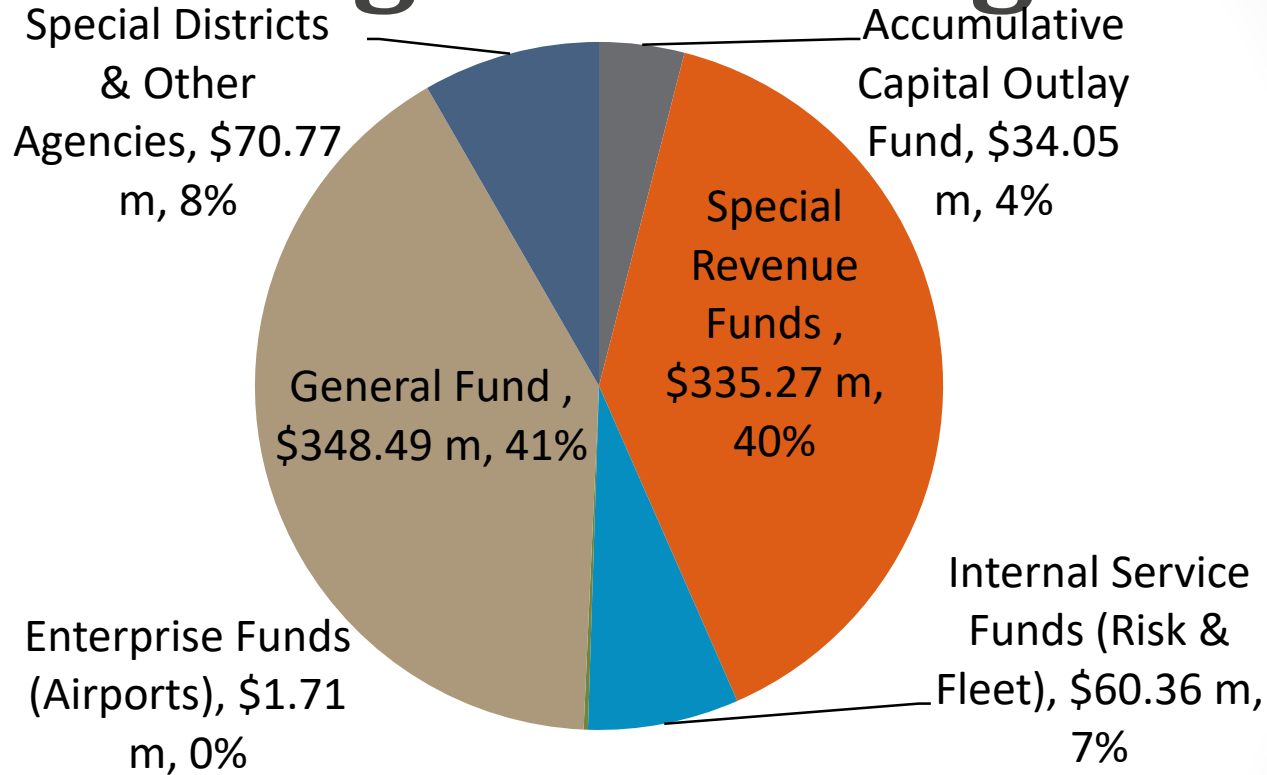
How big is the Budget?



Total FY 2020-21 Budget (Governmental Funds) = \$717,811,814*

*Total does not include designations and reserves that are not appropriated in FY 2020-21.

How big is the Budget?



Total FY 2020-21 Budget = \$850,654,525*

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*Total does not include designations and reserves that are not appropriated in FY 2020-21.

Special Revenue Funds

- To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes
- Some departments operate out of a special revenue fund e.g. Behavioral Health, Public Health.

Accumulative Capital Outlay Fund

- To account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets
- Receives a share of ad valorem Property Tax, General Fund contributions, and revenue from other sources for Capital Projects
- FY 2020-21 Adopted Budget \$34.05 million
 - \$18.37 million is Jail Expansion Project Grant

Internal Service Funds

- To account for supplies and tangible services provided to other units of the same government or different governments on a cost reimbursement basis.
- Funds in El Dorado County:
 - Fleet
 - Risk Management Funds (Liability, Workers' compensation , Health, Retiree Health)

Enterprise Funds

- To account for the provision of supplies and/or tangible services to the general public that are similar to services provided by business enterprises.
- El Dorado County Examples:
 - Placerville Airport
 - Georgetown Airport

Special Districts & Other Agencies

- To account for assets held by a government in an agency capacity for special districts and other agencies whose affairs and finances are under the supervision and control of the Board of Supervisors.
- El Dorado County Examples:
 - County Service Areas
 - Air Quality Management District
 - IHSS Public Authority
 - EDC Public Housing Authority

What is the General Fund?

- The General Fund is where the County's discretionary revenues are accounted for
- Not all the funds in the General Fund are discretionary
 - Programs like Child Support Services (\$4.5 million) and Social Services (\$66 million) operate out of the General Fund, but are funded with state and federal funding

How does the General Fund support county programs?

- Departments receive revenues from different sources
 - For example: grants, state & federal agencies, and charges for service
- When that doesn't cover all of the department's costs, the difference is made up with General Fund discretionary dollars
- These discretionary dollars are a department's **“Net County Cost”**
- Departments are expected to live within their “Net County Cost” to ensure that no additional General Fund support is required

Property Taxes

- Property taxes are a major source of unrestricted revenue for the counties, schools, cities, and special districts.
- Biggest source of General Fund revenue, \$76 million

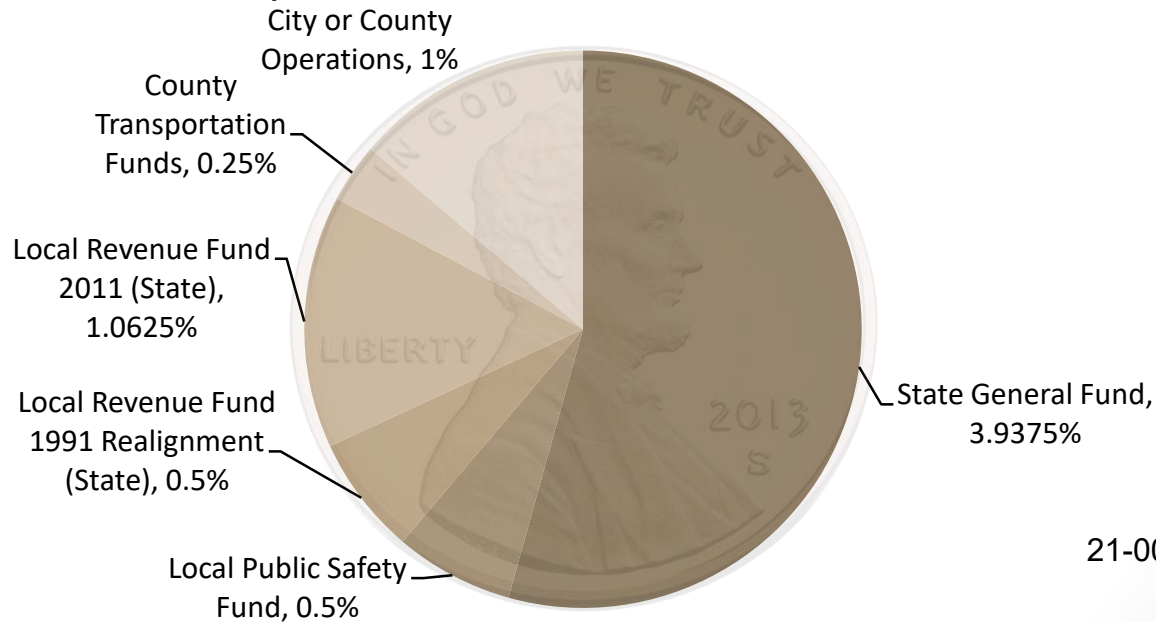


Graphic developed by the Treasurer-Tax Collector Department. (Source El Dorado County Auditor-Controller's Office)

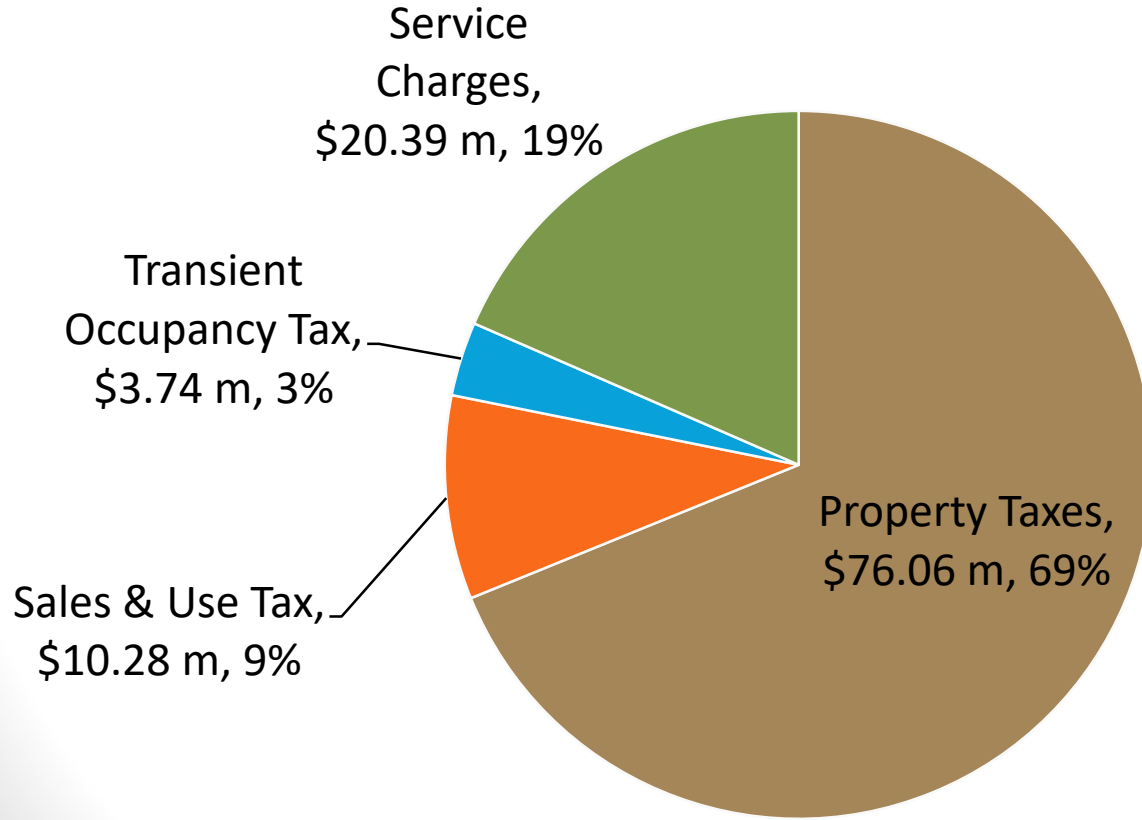
*includes the Cities of Placerville and South Lake Tahoe (2.5%), Cities in Lieu Vehicle Licensing fees (.9%) and City of So. Lake Tahoe Redevelopment Successor Agency (1.3%)

Sales and Use Tax

- The Bradley-Burns Uniform Sales and Use Tax Law provides for a city/county rate of 1.25%. One-quarter cent of the levy is sent to the county-wide regional transportation fund. The balance goes to support local government general funds.
- \$10.2 million in discretionary revenue



Primary General Fund Discretionary Revenue*



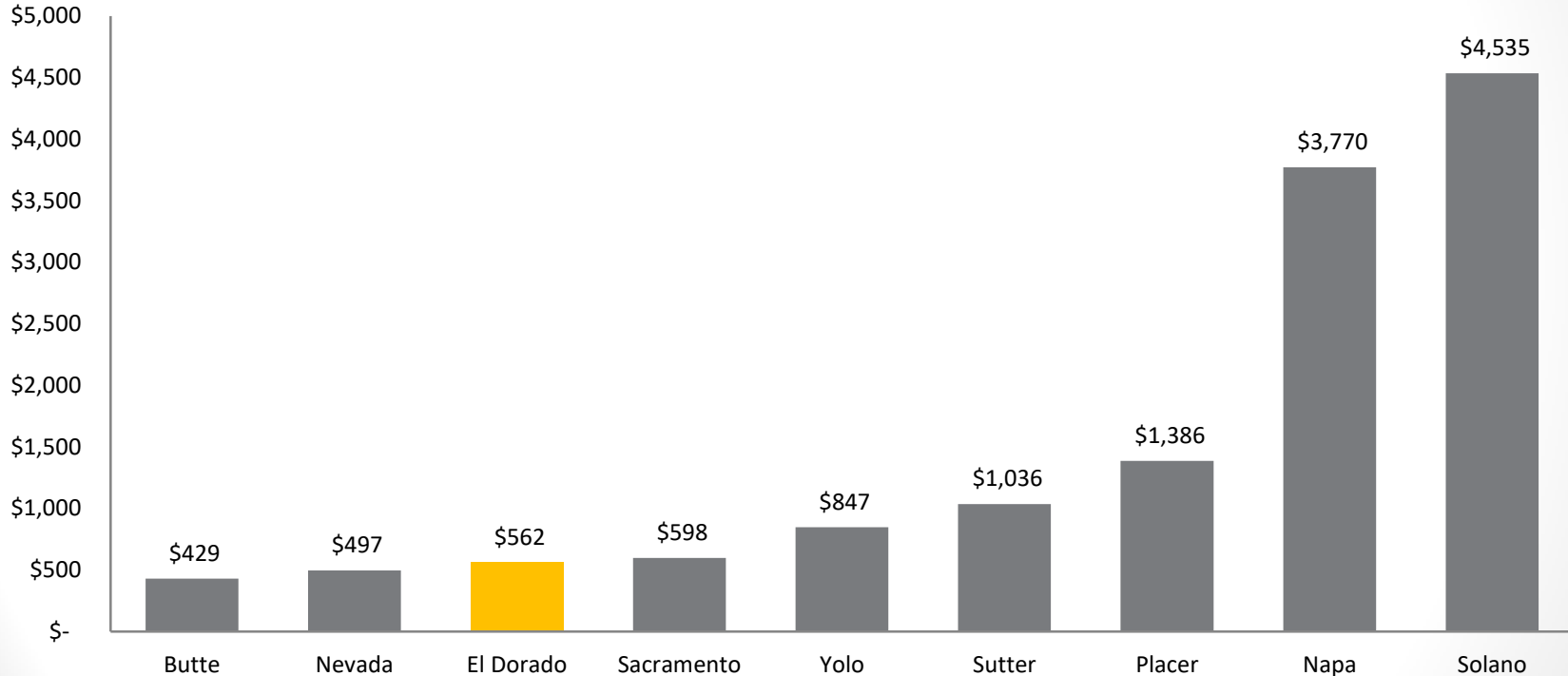
*FY 2020-21 23 of 32

How Do We Increase Revenue?

- Property Tax
 - Home values increase
 - Existing homes turning over
 - Values increasing because of market demand
 - Build more homes
- Sales Tax
 - More businesses
 - More people shopping locally
 - Voter-approved tax increase
- Transient Occupancy Tax:
 - Increase number of vacation home rentals
 - Increase hotels/motels
 - Voter-approved tax increase – current rate: 10%
 - Voter-approved measure to charge TOT to private campgrounds
- Service Charges/Fees
 - Review and update our fees for full cost recovery
 - Impose new fees

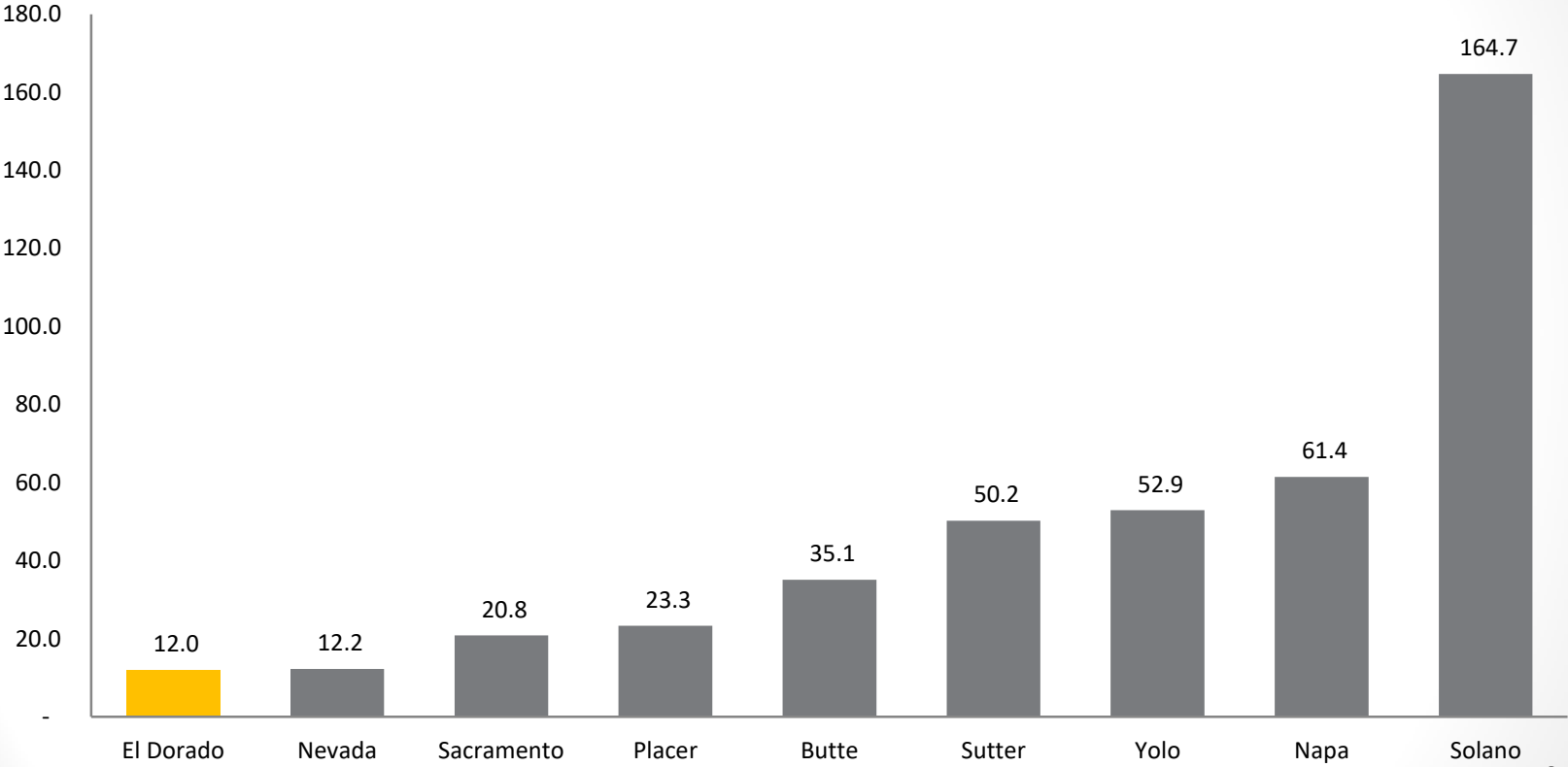
Taxes Collected Per Resident

(Unincorporated)



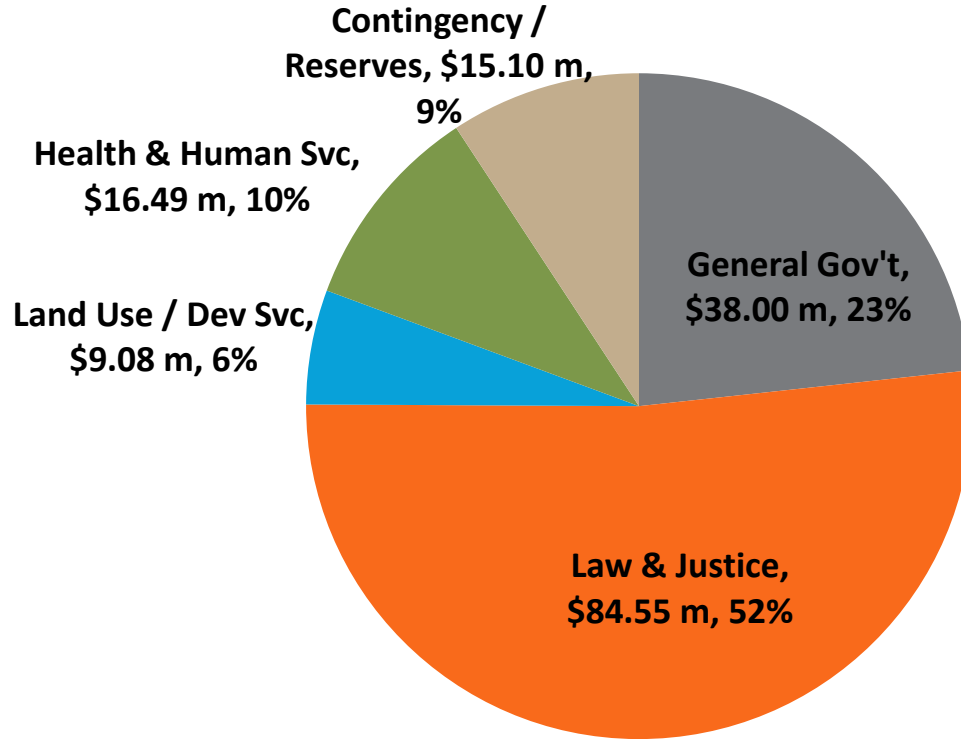
Taxes include Property Tax, Sales and Use Tax, and Transient Occupancy Tax

Total Employees by County



Per 1,000 residents, excluding city populations

Distribution of Net County Cost by Functional Group FY 2020-21



General Fund Reserves, Designations, & Contingency Funds

- \$57.6 million in funds set aside for future use including:
 - \$10 million in General Reserve
 - 5% adjusted General Fund Appropriations
 - Government Code 29086:
 - Except in cases of a legally declared emergency the general reserve may only be established, canceled, or decreased at the time of adopting the budget
 - The general reserve may be increased any time during the fiscal year by a 4/5 vote of the board.
 - \$6 million for Contingency
 - 3% adjusted General Fund Appropriations
 - 4/5 vote is required to use contingency
- \$41.6 million Other Designations & Reserves

General Fund Reserves & Designations

Description	FY 2020-21 Ending Balance
CAPITAL PROJECTS RESERVE	\$16,931,645
PUBLIC SAFETY FACILITY LOAN RESERVE	\$2,300,000
PUBLIC SAFETY FACILITY LOAN PAYMENTS	\$2,300,000
PARKS ACQUISITION & DEVELOPMENT	\$250,000
GENERAL LIABILITY & WORKERS' COMPENSATION	\$3,000,000
EL DORADO CENTER	\$969,019
AUDIT RESERVE	\$944,430
TOT SPECIAL PROJECTS	\$1,854,965
CALPERS COST INCREASES	\$4,028,893
CALPERS OTHER POST EMPLOYMENT BENEFITS (OPEB)	\$1,368,765
RAY LAWYER DR	\$3,000,000
FEMA ROAD RESERVE	\$1,651,282
JUVENILE HALL	\$1,722,556
INDUSTRIAL DRIVE INTERSECTION	\$1,242,000
TOTAL OTHER DESIGNATIONS & RESERVES	\$41,562,555

5 Year Budget Projections

	Conservative	Moderate
Property Tax	<ul style="list-style-type: none"> 3.5% growth all years. 	<ul style="list-style-type: none"> 3.5% growth FY 2020-21 4% growth years after.
Sales and Use Tax	<ul style="list-style-type: none"> FY 2020-21 is 20% less than prior year budget FY 2021-22 and 2022-23 have 10% growth Then 2% growth 	<ul style="list-style-type: none"> FY 2020-21 is 20% less than prior year budget FY 2021-22 is return to 19-20 budget FY 2022-23 increases by 12% to match FY 2019-20 actuals Increases 2% last two years

Revenue Surplus/(Shortfall) (In Millions)	FY 2020-21 Adopted	FY 2021-22 Projected	FY 2022-23 Projected	FY 2023-24 Projected	FY 2024-25 Projected
Conservative Projection	\$ -	\$0.89	(\$3.52)	(\$4.26)	(\$5.04)
Moderate Projection	\$ -	\$2.56	(\$0.33)	(\$0.60)	(\$0.87)

Next Steps

- Departments submit FY 2021-22 Budget requests to Chief Administrative Office by February 19
- Department Budget Briefings:
 - February 2: Law & Justice and HHSA
 - February 8: General Government & Land Use
- Mid-Year report presented to the Board of Supervisors on February 23
- Budget Hearing June 7

In Conclusion

- Budget is based on:
 - State and federal laws and mandates
 - Board policies and direction
 - Strategic Plan
- The budget is a collaborative effort among the Board, CAO, and all county departments
- The budget is a closed system – it must balance